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V. Myers, Editor.

CONTINENTAL SCORES FIFTH SUCCESS IN LEDUC FIELD

No. 4 Flows 60 Barrels An Hour To Boost Co. Yield To 840 Barrels Daily



Continental Leduc No. 4 flowing into production November 9. The well made better than 60 barrels an hour on flush flow. It was Continental's sixth producer, fifth in the Leduc field.

Continental Shareholders Reject \$1,200,000 New York Deal

The shareholders of Continental Oil Company of Canada Ltd., in a surprise move, unanimously rejected an offer of \$1,200,000 from Whitney Phoenix Incorporated, investments bankers, of New York City, at a meeting in Calgary on November 6.

The deal called for the creation of 100,000 shares of preferred stock to sell at \$15 per share and for the later conversion of the preferred into common stock. The conversion could require as much as 2,000,000 shares of Continental stock. The shareholders unanimously rejected the offer on the grounds that such sacrifice of stock was not necessary in order

(Continued on Page 2)

The Continental Oil Company of Canada Limited has scored its fifth success in the Leduc field. On November 9, the same day that Imperial clicked with its Redwater extension, the Continental Leduc No. 4 roared into production under its own power and flowed oil at the rate of 60 barrels an hour, or better than 1,600 barrels a day. That's about the same as the open-flow potential of the Redwater discovery well. The new success brought the Continental line-up to quite an imposing list.

Continental Leduc No. 1—D-3 producer.

Continental Leduc No. 2—D-3 producer.

Continental Leduc No. 8—D-2 producer.

Continental Leduc No. 3—Cretaceous producer.

Continental Leduc No. 4—Cretaceous producer.

Continental Turner Valley No. 1—Madison producer.

Continental Leduc No. 5—Rig on lease, Cretaceous objective.

Continental Leduc No. 9—getting ready to drill, D-2 objective.

Continental Leduc No. 10 — Drilling permit applied for.

Proven offset locations still to be drilled out are as follows:

Continental Leduc No. 6—Cretaceous objective—Drilling permit applied for.

Continental Leduc No. 7—D-2 objective — Drilling permit applied for.

Continental Leduc No. 10—D-2 objective — Drilling permit applied for.

Besides this, there is a very real possibility that beneath the D-2 quarter in the southwest portion of the field, the prolific D-3 might very well exist. Having obtained production in the shallower D-2, Continental has

not yet got around to drilling that additional 300 feet to reach the D-3. If the D-3 is there, and no one has produced any evidence to the contrary, that would mean four more producers on that quarter.

Additionally, in many parts of the country where oil production is from the Cretaceous, 20 acre spacing, and sometimes 10 acre spacing is allowed. If the Alberta Conservation Board should allow 20-acre spacing on the Company's northern quarter — the site of Nos. 3, 4, 5 and 6—it would mean a twin for each of these. So that besides the ten wells on proven territory, there exists a very strong possibility of a total of eight more; or a minimum of ten and a maximum of 18.

At a banquet which Continental's President, Fred A. Schultz, gave in the MacDonald Hotel in Edmonton following the completion of No. 4, he declared enthusiastically, "We hope to have three more producers by Christmas time. Before the first of the year, this Company should have a total of nine wells on production. Over and above this, we have other holdings at Leduc

(continued on page 4)

The OIL BEACON is published by the Continental Oil Company of Canada Ltd. for the benefit of its shareholders.

It is furnished you free of charge in the hope that you will be kept better informed not only of the activities of your own company, but also of other companies in the business, and better informed in general about a commodity vital to the growth and even the existence of our industrial civilization.

"THE BEACON" welcomes enquiries and suggestions from shareholders of Continental Oil Company of Canada Ltd. Address letters to us at 407 Lancaster Bldg., Calgary.

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Herbert Hoover Jr. Active in Alberta

Herbert Hoover, Jr., son of the former President of the United States, isn't letting any grass grow under his feet in this Province. In fact, his operations are stamping out a lot of grass that has already grown.

Herbert Hoover, Jr., is head of the United Geophysical Company, of California. Establishing headquarters in Calgary only a few months ago, his outfit is now running more contract geophysical parties than any other in the country. He has four seismographs on the go all the time, and nine gravimeter crews. He has two offices in Calgary and has recently opened a branch in Edmonton.

Leduc Drillers Kick Off Twelve New Wells a Month

Each month, Leduc production may be expected to climb at the rate of 1200 to 1800 barrels a day. Wells are being completed a dozen a month in the Leduc field. Since the first of June, more than 70 wells have gone into production. During the first 15 months of life for the Leduc field—from February, 1947, to June 1 of this year—70 wells were put on production.

Thus, drilling during the past five months has been taking place three times as fast as the average rate during the 15 months previous.

Imperial Scores Five Mile Extension at Redwater

Imperial Oil has scored its first extension in the Redwater field and chalked up its first failure. Imperial Redwater No. 4, five miles to the northwest of the discovery well, proved itself an oil producer on test November 9.

An official statement from the Company said: "Cores and a drill stem test taken Tuesday evening indicate that the productive horizon in the No. 1 well has been encountered at No. 4."

In oil language this is an enormous step-out from a new discovery, but it is only one of three. Five miles to the southeast, Imperial Redwater No. 3 is approaching 1,000 feet. Similar success here would give an immediate length to the field of ten miles. Success at the Imper-

ial Redwater No. 5 would give a width of two and a half miles to the west of the No. 1 discovery.

But it's not all roses at Redwater. The No. 2 well, five miles due north of the discovery, has turned out to be a failure. When it came to tap the productive limestone, it just wasn't there.

Meanwhile, the discovery well has been rated at open-flow potential of 1,658 barrels a day. Present production on an experimental basis is at the rate of 450 barrels a day.

Continental Shareholders (Continued from Page 1)

to secure capital for the development of the proven lands of Continental at Leduc.

Shareholders questioned president Fred A. Schultz on the company's ability to finance. Mr. Schultz declared that the Company's bank had, only an hour before, passed credit for \$100,000. The British American Oil Company also had stood steadfastly behind Continental in its development program. "Both the bank and B. A. appear to have complete confidence in our operations," Mr. Schultz declared.

The mood of the shareholders seemed to be influenced to some extent by the news of the day before that Continental No. 4, in the north end of the Leduc field, had been successfully completed and appeared to be even a better well than No. 3 which, said Mr. Schultz, was presently the biggest producer in the Leduc field.

The shareholders expressed the view that with half a dozen producing wells already tucked under the Continental belt and with proven territory to support a total of twelve to 15 wells, there was no need to issue treasury stock at such a price. Several shareholders supported

the idea that \$2.00 would be a low price at which to sell the treasury stock.

When the resolution to support the Whitney Phoenix deal was put to a vote it was turned down unanimously by the shareholders present.

Mr. Schultz said that he declined to use the voting power of his escrow stock to overrule the wishes of the shareholders who had put confidence and money into Continental in the days when it had little more to offer than hopes and prospects.

Mr. Schultz said that the directors had carried out negotiations with Whitney Phoenix in good faith but these agreements had been subject to the approval of the shareholders. Approval had been denied. Consequently the deal was off.

The Continental Treasury had been locked following the negotiations. Mr. Schultz said that for the time being it would remain locked, and perhaps it would remain permanently locked.

At the meeting some of the shareholders inquired about the listing of the stock. Mr. Schultz said there was nothing to prevent an application for listing.

"But I am not in the stock

business," he said. "I am in the oil business. We're going to build a real oil company out of this. There'll be no manipulation of this stock by any person.

"Anybody who has bought Continental with the view of holding it a year or so has made an investment that will pay off handsomely. We are not interested in the people who want to gamble on the fluctuations of the market from day to day. We're building real value. We have real value now. We have an income of over \$1,000 a day. We'll have three more wells on production by the end of the year.

"We're in the oil business, not the stock business. We plan to list, but our value is solid in any case, and in my opinion, there is no rush to list. If banks, with all the care they exercise, have this much confidence in our operations, surely the shareholders must have confidence too."

Several shareholders concurred readily and expressed the view that there would be very little stock offered by present holders.

The meeting expressed gratitude for the tenacity and courage shown by Mr. Schultz in building Continental from almost nothing to the status of a leading independent in the Canadian oil picture.

Marland Industrial Corp'n. Ltd.
407 Lancaster Building,
Calgary, Alberta.

Please send me your Information Circular, maps, photographs on the development of Continental Oil Company. Also place my name on your mailing list in order that I may be kept informed on your activities. It is understood that this does not obligate me in any way.

Name

Address

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Bear Oil Co. To Operate in North Alberta is Scene of Unprecedented Oil Activity

A newly formed concern, the Bear Oil Company, will be the operating unit for the 4,000,000 acre Crown reservation stretching across Northern Alberta to Lake Athabasca—the reservation announced in "The Beacon" some weeks ago. Forty 100,000-acre reservations were taken out at that time. Prominent in their acquisition were Atlantic Oil Company and Pacific Petroleum. The reservations have now all been grouped and placed under the control of the Bear Oil Company, which is the unification of several varied interests.

The Sun-Ray Oil Company of Tulsa, Oklahoma, has a 20% interest. Two other large American companies, not yet officially named, each have a 20% interest — making a total of 60% among the majors.

The remaining 40% is held by Pacific Petroleum 20%, Anglo-Canadian 5%, John Frame and Associates, of Toronto, 10%, Princess Petroleum 5%. The consulting geologist is Dr. T. A. Link, formerly of Imperial Oil. Geophysical work is already under way.

Mercury Oils Starts Test East of Leduc

Mercury Oils is back in the development picture again. A veteran Turner Valley Company, Mercury ran into bad luck in the early days of Leduc when it participated in a \$150,000 land deal that looked hot at the time but produced only one marginal well.

Now the company has initiated a program five miles due east of the Leduc field. Participating with Leduc Consolidated, Pacific Western, Mill City, East Leduc, Imperial Oil, Phillips Syndicate, and others, Mercury is sponsoring a wildcat in completely untested territory to the east of the field.

The D-3 zone, if present, is expected to occur at around 5,100 feet, about 300 feet shallower than at Leduc.

In one year and nine months since the discovery of Leduc, the oil industry has mushroomed, as if it had been rubbed with Aladdin's Lamp, to proportions, which early in 1947, would have been described by even the most optimistic as "fantastic".

In early 1947, twenty rigs were operating in the Province. Today, nearly 100 rigs are operating. In February, 1947, prairie oil production was just a little better than 18,000 barrels a day. In November, 1948, prairie oil production is close to 40,000 barrels a day, and the production curve continues its steep vertical climb.

In February, 1947, Imperial Oil was operating four rigs in Alberta. In November, 1948, Imperial Oil is preparing its fortieth rig for operation.

Of course, not all these rigs belong to Imperial. Twenty-nine of them belong to contractors, but Imperial is putting them to use just the same.

In the Leduc field, Imperial is using 22 rigs, at Redwater, four rigs; at Woodbend, three rigs; and on wildcat ventures, nine rigs. The Company is presently refitting two rotary rigs down from Norman Wells for the emergency demand.

And there is good reason to believe that so far, we have only seen the beginning of this Western oil play. Leduc is not yet half drilled out. Redwater has only just been discovered, and within the course of a few months, offset may be expected to follow offset until, within a year, Redwater may closely resemble the Leduc of today.

Furthermore, as the tempo of exploration increases, the chances of new discoveries increase, and if Alberta is really oil country, it may well be that within two or three years this Province will have a reputation throughout the world to match the name of Texas in the United States.

With a present total of more than 40 wildcats drilling, or preparing to drill, the chances of finding new oil fields should be just four times as great as in

the not too distant past when only ten wildcats were drilling. Or in other words, as many oil fields should be found now in one year as would have been found at the previous rate in four years. Each new discovery adds new enthusiasm, and thus, the hotter it gets—the faster and hotter it gets!

California Standard has found more gas at Taber, south of a point midway between its East and West Taber fields. It has found more gas at Dunmore in the south-eastern part of the Province. Good new wells have been coming in lately in the South Princess field. Gulf Oil Corporation has found a big wet gas field, and very likely an oil field, at Pincher Creek in the Alberta foothills near the U. S. border. Gas has been found at Hanna, northeast of the Calgary area on the plains. Lloydminster has passed its 2,000,000th barrel. It is producing now at the rate of over 5,000 barrels a day compared with 850 barrels a day in February, 1947.

Wildcats continue to probe new areas, and while they are being abandoned thick and fast, at a cost of perhaps \$75,000.00 each on an average, it must be remembered that a single strike can easily net returns rated in the hundreds of millions of dollars!

Redwater Acreage Brings Record Bid Of \$2,200 per Acre

Redwater Crown lands offered for auction last week brought oil land bids in Alberta to a record new high. For a 159 acre tract the Anglo Canadian Oil Company paid \$351,025. The

highest previous bid on record was a price of slightly over \$500 an acre paid by Phillips Petroleum of the U. S. for a quarter offsetting Continental of Canada and its No. 3 location at Leduc. Phillips first well was a dry hole.

Anglo Canadian, however, had something more to go on. The Redwater discovery well with an oil pay zone 150 feet thick and dipping very gently lay only a little over 2 miles to the east. To the west and north Imperial had just brought in another producer. A line between the two oil wells almost touched the Anglo property.

This was what brought the high figure. The land was as certain as anything in the oil business could be. Offsetting Anglo, to the south, Home Oil paid \$302,000. Half a mile west of Anglo, Pacific Petroleum with several participants to share the spoils, paid \$283,000 for one quarter section.

Yet if the quarters were productive the price was small. Redwater recovery has been guessed by some experts up to 50,000 barrels an acre. Even half that figure would bring the ultimate recovery from one quarter to 4,000,000 barrels and at \$2.00 per barrel, half the present price, the quarter if productive would be worth \$8,000,000, and at present prices \$16,000,000.

Marland Industrial Corp. Ltd.
407 Lancaster Bldg.,
Calgary.

Dear Sir:

I have the following listed royalties in producing wells:

Gross? Preferred? Deferred?

Please advise by return mail the number of shares of Continental stock I would receive in exchange for the above.

Name

Address

CONTINENTAL SCORES

(continued from page 1)

which at the present time we're not saying much about. Don't forget that we also have holdings at Princess and Lloydminster and Taber, and north of Redwater. We're not saying a lot about any of that right now. For the time being we have our hands full drilling the sure stuff."

Success at No. 4 brought the total allowable from Continental wells to 840 barrels a day—better than 25,000 barrels a month—more than a quarter of a million barrels a year. Thus, in a few short months, Continental had reached the status of one of the top producing independents in the Canadian Oil picture.

At the banquet, Mr. Schultz explained again that the shareholders had turned down the New York financial deal; that the Company still had a million and a half shares in the treasury; but that, at the moment, no decision had been made as to whether to offer these or not. "The Royal Bank and the B. A. are solidly behind us in our financing," he said. "We have no worries about selling shares. We don't need to sell them."

Mr. Schultz pointed to the good work of other independents in the field. Especially, he noted the success of Central Leduc which, just a few days before, had brought in a Cretaceous well offsetting Continental No. 4. Mr. Schultz noted that the price of Central Leduc on the exchanges had risen from a little better than 60 cents to \$1.30 a share, in little more than a week. Central Leduc had some other producers, he said, but the sky-rocketing of stock showed that the public was swiftly coming to the realization of the value of oil.

Bantry Area Now Active Again

About a year ago, California Standard and Imperial Oil jointly made an oil discovery at Bantry, about 12 miles southwest of the South Princess field. The well was placed on production

Scientists Invent New Device To Find Oil

Scientists have discovered a new method for hunting oil. The method, an improvement on the ordinary seismograph, promises to cut down the cost of exploration to a considerable degree.

The method was devised by Dr. Thomas C. Poulter, Associate Director of the Stanford Research Institute.

The method works on the basis of the ordinary seismograph except that the detonation of charges takes place on the surface of the earth instead of beneath it.

Today, the conventional seismograph is the most widely used tool in the search for oil. The seismograph does not pretend to tell its employer where the oil is, but it is designed to locate underground structures. A "structure" simply means "a deviation from the ordinary". Where sedimentary beds, some thousands of feet below the surface, conform to a single consistent angle over hundreds of miles, there is little or no chance for oil accumulation. There must be a hump in the bed, or—as it has sometimes been called—an enormous pimple in the bed. When such a hump exists, the oil and gas rise to the highest level in the hump and thus accumulate.

The seismograph is employed to get an elevation reading on any particular bed. Elevation

last January, and operated somewhat spasmodically during the following months. It is now on steady flow, through a small choke, and in September produced a little better than 1,200 barrels of oil with a selling price of \$2.80 a barrel.

Standard is now drilling a southwest offset to the discovery, and is drilling an exploratory well six miles to the southwest of the discovery at a present depth of around 2,800 feet. The answer on this test should be at hand within the next week or two.

California Standard is now the sole operator in the Bantry area, having bought out Imperial's interest during the summer months.

readings outline the hump or structure. The first wildcat well is usually sunk to tap the peak of the hump or structure.

In the conventional seismograph operation, holes are bored into the surface of the earth—perhaps ten feet, perhaps 20, perhaps 100 feet or more, until the first solid rock layers are reached. A charge of dynamite is placed into each hole, and detonated. The shock waves penetrate the earth and are reflected from the hard bed lying underneath. Thus, each hole will give an elevation reading (in theory at least) on the bed in question. Shocks may be made at intervals of one mile in all directions, or at distance more or less than a mile.

When all the shocks have been taken and all the results interpreted, the seismologist has before him a series of readings which, when plotted on a map, will show the hump if any exists.

Dr. Poulter's method simplifies seismograph investigation by setting off charges on the surface employing a pattern of small charges from five to 85 feet apart in hexagonal design, with one charge in the centre. All charges are placed on stakes driven into the ground.

The new method is said to check remarkably well with the conventional seismograph both in proven and unproven areas.

If this is so, we may soon expect to see the new method in use in Alberta, presently the hottest oil spot on the North American continent. Such a method is bound to do a great deal to cut down exploration costs and to speed the discovery of new oil fields in this province.

Devonian Test Near Big Gas Field

A Devonian test is being made eight miles southwest of the gas field which fuels Edmonton and Northern Alberta. What lies below the quarter-million acre gas field, 75 miles east of Edmonton, will become a very important question as the new well nears its Devonian objective expected at shallow depth.

The well is known as Tower-Viking No. 1. Devonian contact is expected at 3,000 feet. Participating in the drilling of the well are Anglo-Canadian, Tower Petroleum, and Imperial Oil. The land block totals 34,000 acres, and is owned by the Alberta Exploration Syndicate, surrounded by holdings of other companies.

An Imperial wildcat was drilled two miles southwest in 1943, to 2,940 feet. The Devonian contact was due in another 75 feet. However, the Devonian, as an oil horizon, was not highly thought of in those days.

Famous U. S. Wildcatter Bites Into Alberta Play

Mike Benedum, most famous wildcatter in the United States, has bitten off a half million acre chunk in Alberta, for full scale exploration.

Benedum, at the age of 79 is still going strong, the most fabulous individualist of the "black gold" trade. Benedum, the discoverer of many fields, the author of many a "duster", multi-millionaire, the producer of 50,000 barrels of oil a day, is here to find some more in Alberta.

The reservation, a 493,000 acre tract is in completely unsurveyed territory, in the north-eastern wilderness of Alberta, 160 miles beyond Edmonton. It is within the oval of the massive Bear Oil holdings. Central Leduc, influential in bringing the Benedum interests to action here, benefits to the extent of a one-eighth interest in the holdings.